GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:169
ANSWERED ON:30.11.2000
COST OF NAPHTHA
ZORA SINGH MANN

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the cost of Naphtha being imported by the Indian Oil Corporation is higher than the Naphtha being imported by the consumers direct;

(b) if so, the facts and reasons therefor;

(c) whether the power units of the country import Naphtha themselves which costs less;

(d) whether the fertilizer industry has also requested the Government to allow them to import Naphtha direct due to the same reason; and

(e) if so, whether the Government propose to review the cost factor involved in the import by the Indian Oil Corporation?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK)

(a) to (e) : A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO THE PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO.169 ANSWER ON 30-11-2000 REGARDING COST OF NAPHTHA

(a) to (c): Import of Naphtha for sale to consumers is not permitted under the EXIM policy. Hence, Indian Oil Corporation Limited (IOCL) is not importing Naphtha for sale to consumers.However, IOCL acts as facilitating agency for import of Naphtha for consumption of Indian Petrochemicals Corporation Limited (IPCL). The cost of Naphtha imported by IOCL as facilitating agency on behalf of IPCL has been in the range of US dollar 289.70 per metric tonne(Rs.13,029) to US dollar 369.40 per metric tonne (Rs.17,066) during the period May to November 2000.
Dabhol Power Corporation Limited (DPCL) is the only power unit in the country that imports Naphtha for self useThe cost of Naphtha imported by DPCL has been in the range of US dollar 297.68 per metric tonne (Rs.13,375) to US dollar 377.70 per metric tonne (Rs.17,450) during the same period.
Thus, the cost of import of Naphtha by IOCL is comparable with the cost of import of Naphtha by DPCLThe minor variations in costs are on account of foreign exchange fluctuations/ quality of product. The costs of import represent the landed cost of the product inclusive of customs duty. It does not include any handling costs and sales tax which is payable on indigenous product.

(d) to (e): Yes, Sir. The Fertilizer industry has requested the Government to allow them to import Naphtha directly. This request is not on account of higher costs of import of Naphtha by IOCL but on account of higher costs of indigenous Naphtha due to sales tax levied by the State Governments. Sales tax is not leviable on imported Naphtha sold on high seas.